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**Guide for Independent Review of Office of
Management and Budget Circular A-76
Studies**

**Office of Assistant Inspector General for
Auditing
Department of Defense**



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Forward

The Guide for Independent Review of Office of Management and Budget (OMB) Circular A-76 was prepared to standardize the way that auditors should perform independent reviews required by the OMB A-76 "Revised OMB Supplemental Handbook - Performance of Commercial Activities," March 1996 (OMB A-76 Supplemental Handbook). Previous guides developed by the Army Audit Agency and the Air Force were used as a starting point in its development. A prior version of this document was reviewed by representatives of Arthur Anderson; Mevatec, Inc.; the Army Audit Agency; and the Naval Audit Service, and suggestions provided by those reviewers were incorporated into this document as appropriate.

This guide incorporates policy changes made by the *DoD A-76 Costing Manual* and takes advantage of features and checks performed by the newly issued winCompare2 software. The winCompare2 software was developed by Mevatec, Inc., Huntsville, AL under a contract with the Air Force Manpower and Innovation Agency, Randolph AFB, San Antonio, TX.

We will periodically update this guide as required. You are encouraged to provide comments and suggested improvements to Garold A. Stephenson, Program Director, Contract Management Directorate, 400 Army-Navy Drive (CGN), Arlington, VA 22202

Introduction

Purpose

The purpose of this guide is to provide uniform procedures and guidance to personnel performing independent reviews of cost estimates prepared in accordance with OMB Circular No. A-76, 1983; and the OMB A-76 Supplemental Handbook. The review steps are not intended to be restrictive, all-inclusive, or serve as a substitute for initiative or judgment. If a particular step is not applicable or appropriate in the judgment of the IRO, the rationale for the omission must be documented in working papers and cross-referenced to the step. The IRO will prepare and maintain working papers to document the work performed including the review objectives, scope, and sampling methodology used; descriptions of records examined; conclusions; and judgments. An independent review is mandatory for all Government cost estimates developed for cost comparisons (including streamlined cost comparisons) and direct conversions.

Background

OMB Circular No. A-76 establishes Federal policy for the performance of recurring commercial activities (CA). The Circular stresses reliance on the private sector for goods and services if the private sector can provide the goods and services at a lower cost. For the DoD, section 2462(a), title 10, United States Code (U.S.C.) codifies this requirement. The OMB A-76 Supplemental Handbook provides a uniform methodology for cost comparisons to determine whether it is more cost effective to convert work to or from in-house, contract, or interservice support agreement (ISSA) performance. CA policy implementation is provided in Part I of the Supplemental Handbook, and guidance on preparing the cost comparison estimates is provided in Part II. OMB Circular No. A-76 and the OMB A-76 Supplemental Handbook require an independent review of the In-house Cost Estimate (IHCE). A qualified person from an impartial organization that is independent of the CA being studied and the organization preparing the cost comparison must perform the Independent Review. The IHCE must be fully documented and stand on its own without any further interpretation. The IRO must base certification on current guidance pertaining to development of the IHCE and the Most Efficient Organization (MEO)'s ability to perform the Performance Work Statement (PWS) within the resources of the IHCE. The IRO is critical to the integrity of the CA competition sourcing process. The IRO may be called on to testify in a lawsuit regarding specific areas of the IHCE that were certified in the review process.

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When performing CA cost comparisons, users are required to use the WinCompare2 computer software. WinCompare2¹ is a Windows-based software program, developed by a contractor to the Air Force Manpower and Innovation Agency, that calculates and documents costs in accordance with the guidance in the OMB A-76 Supplemental Handbook.

Scope

The IRO will perform the steps in this guide to develop an informed opinion on whether the Government offer conforms with OMB Circular No. A-76 and the OMB A-76 Supplemental Handbook. This guide is designed to test whether cost estimates are justified and properly calculated, but does not test the reliability of underlying internal accounting controls. Completion of the steps in the guide should provide the IRO with reasonable assurance that the cost estimates were prepared in accordance with CA policy and guidance.

The IRO will review documentation supporting the cost estimates, including the most efficient organization (MEO), performance work statement (PWS), and contract solicitation, IHCE, Quality Assurance Surveillance Plan (QASP), Technical Performance Plan (TPP), and Transition Plan (TP). To maintain impartiality and independence, the IRO must *not* participate in the preparation of these documents. *Cost estimates should be traceable to accounting records and other supporting documentation.*

There must be an audit trail from the source documents through the work papers prepared by the CA Study Team to each line of the Cost Comparison Form (CCF). Also, changes in staffing must be justified and reasonable.

The CA Study Team should notify the IRO at least 30 days before the independent review is scheduled to start. Organizations are encouraged to contact the IRO as soon as they have an approved PWS, a Management Plan (MP) certified as reflecting the Government's MEO, and a target date for bid opening. In most cases, independent reviews of a single-function CA study should take no longer than 30 days, and multifunction studies should be completed within 60 days, if study documentation is well organized and ready for review.

Before bid opening, the contracting officer must have IHCEs certified by the IRO and sealed. Consequently, the IRO must promptly bring discrepancies or omissions to the attention of the organization conducting the cost comparison for corrective action. Once the cost estimates are determined to be correct, the IRO will certify the CCF. The IRO certification will contain the standard language specified in the OMB A-76 Supplemental Handbook:

¹ WinCompare2 software, latest tables, and documentation can be downloaded from the Internet at <http://compare.mevatec.com>.

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I certify that I have reviewed the Performance Work Statement, Management Plan, In-house costs estimates and supporting documentation available prior to bid opening, and to the best of my knowledge and ability, have determined that: the ability of the in-house MEO to perform the work contained in the performance Work Statement at the estimated costs included in this cost comparison is reasonably established, and (2) that all costs entered on the cost comparison have been prepared in accordance with the requirements of OMB Circular A-76 and its Supplement.

Objectives

General objectives of the independent review are to ensure that:

- Data contained in the MP reasonably establishes the Government's ability to perform work requirements of the PWS within resources provided by the MEO, and,
- All costs entered on the CCF are fully justified and calculated in accordance with procedures described in part II of the OMB A-76 Supplemental Handbook and other applicable Federal regulations.

Documentation

The independent reviewer should follow the Government Auditing Standards² when performing the review.

The following documentation must be retained by the IRO to protect the Government should the cost comparisons ever be audited, protested, or appealed:

- The solicitation package, including all amendments, the signed and certified CCF, supporting documentation, and all changes up to and including the final certified copy of the cost comparison.
- The MP, including the MEO, IHCE, TPP, TP, QASP, and any documents that reference them to the PWS.
- Working papers documenting the independent review process. This guide is a source of documentation to provide an audit trail of the review.

² Government Auditing Standards, General Accounting Office, Revised July 1999.

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- Working papers developed by the CA Study Team that support the MEO and IHCE.
- The interim and final review statements or memoranda identifying problems requiring corrective action and documentation of corrective action.
- The latest cost factors applicable to the cost comparison including civilian General Schedule locality pay scale and Wage Grade hourly pay rates for the base year and all other factors in effect at the time of the independent review and the sealing of the Government offer. These schedules and rates are the basis for inflation adjustments to the first performance period and out-years.

Security Over Records

In public-private competitions, the independent review staff needs to be aware of limitations on the access and dissemination of information, and for the need to properly mark and protect such information. Federal law makes it a crime to disclose a company's trade secrets, processes, operations, and procurement-sensitive and other confidential information without permission. Although release of other information may not violate a specific law, it may result in an unfair competitive advantage for the recipient of the information. In furtherance of the overall policy of maintaining a level playing field in the public-private competition, the following discussion offers some guidelines on what information should be available to the public, employees, support contractors, and potential competing contractors. The IRO review may involve access to procurement sensitive, proprietary, and Privacy Act information.

Procurement Sensitive and Proprietary Information. Title 41 U.S.C. 423 (Procurement Integrity) prohibits release of some procurement information during negotiations; 10 U.S.C. 2305(g) prohibits release of proposals submitted in response to a solicitation unless the proposal has been incorporated by reference within a contract. These statutes may also carry a civil or criminal penalty for release. The Procurement Integrity Act, as amended, prohibits employees having access to "source selection information" from releasing that information before a contract is awarded, that is, before the decision is made whether the work is to remain in-house or is to be contracted out. Employees involved in the source selection process shall sign a statement acknowledging the limitations on disclosure and the penalties for improper release. The following are some examples of information that should be considered and marked as source selection information:

- Most efficient organization
- In-house cost estimate
- Bid prices or proposed prices or costs
- Source selection plans
- Technical evaluation plans

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- Technical evaluation of proposals
- Cost or price evaluations of proposals
- Competitive range determinations
- Rankings of bids, proposals
- Reports and evaluations of source selection panels, boards, or advisory panels
- Other information marked as "Source Selection Information--See FAR 3.104"

Information marked as "Source Selection Sensitive" is based on a case-by-case determination by the agency head or designee or by the contracting officer that its disclosure would jeopardize the integrity or successful completion of the Federal agency procurement. This would include information that, if disclosed, would put the in-house bid at a competitive disadvantage. The unauthorized release of source selection information may subject the offending employee (as well as the recipient of the information) to a fine, imprisonment of up to 5 years, and a civil penalty that may exceed \$50,000. Procurement sensitive information should be marked with a "For Official Use Only" warning in accordance with DoD 5400.7-R, "DoD Freedom of Information Act Program."

Privacy Act Information. Information pertaining to personal employee information may be subject to the Privacy Act of 1974 (5 U.S.C. Section 552a) and should be appropriately marked and protected from disclosure. The Privacy Act can generally be characterized as an omnibus "code of fair information practices" which attempts to regulate the collection, maintenance, use, and dissemination of personal information by federal government agencies.

Nondisclosure Statement. All personnel involved in the independent review that have access to confidential information should sign a nondisclosure and conflict of interest statement. Basically, the nondisclosure and conflict of interest statement contains the following points:

"I acknowledge I have been assigned to review an OMB A-76 study. I am aware that unauthorized disclosure of source selection or proposal information (including the Government's MP) could damage the integrity of this procurement and that transmission or revelation could damage the integrity of this procurement and that the transmission or revelation of such information to unauthorized persons could subject me to the Procurement Integrity Laws or other applicable laws.

I will not divulge, publish, or reveal by word, conduct, or any other means, such information or knowledge, except as necessary to do so in the performance of my official duties related to this study and in accordance with the laws of the United States, unless specifically authorized in writing in each and every case by a duly authorized representative of the United States Government.

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I acknowledge that the information I receive will be given only to persons specifically granted access to the procurement/ proposal/ source selection sensitive information and may not be further divulged without specific prior written approval from an authorized individual.

If, at any time during this A-76 study, my participation might result in a real, apparent, possible, or potential conflict of interest, I will immediately report the circumstances to the appropriate authorized individual; i.e., Contracting Officer, local Counsel, or Source Selection Authority."

FOUO and Basic Security Precautions. FOUO is a protective marking designed to be applied to information considered to be exempt from disclosure under the Freedom of Information Act. Detailed guidance for marking and controlling "For Official Use Only" data is in DoD 5400.7-R, "DoD Freedom of Information Act Program." Information that has been classified in the interests of National security is excluded from the "FOUO" definition.

Below are basic security precautions to avoid accidental release of potentially sensitive information.

- Mark records as "FOUO" at the time of creation. Where appropriate, the marking may contain a more specific warning (such as "Procurement Sensitive") to alert handlers to the special nature of the FOUO material. A FOUO marking does not mean that the record will automatically be withheld from a Freedom of Information Act requestor, but it provides the agency with notice of content and facilitates review.
- The FOUO mark is to appear on each page that contains sensitive information. If outside covers are used, the front and back are also to be marked.
- FOUO material transmitted outside the Department of Defense requires an expanded marking to explain the significance of the FOUO legend. Include the following statement on the document before transfer: "This document contains information exempt from mandatory disclosure under the Freedom of Information Act. Exemption(s).
- After duty hours, FOUO material is to be stored to preclude unauthorized access.
- Use DD Form 2286, For Official Use Only cover sheet, for documents and For Official Use Only Stickers, for computer disks.
- Send encrypted e-mail when communicating regarding procurement sensitive documents and decisions. Also, when responding to encrypted e-mail, make sure your communication back has the same security precautions in place.
- Make sure employees leaving Government service have been removed from mailing lists/access to Government systems and have turned over their

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passwords to Government computer systems and these passwords are disabled.

- Do not leave sensitive information on desks, on your computer screen, or discuss such information in common areas of the office, cafeteria, break rooms, or bathrooms.
- Support contractors whose work requires access to A-76 information should also sign a nondisclosure and conflict of interest statement.
- Information given to contractors will be restricted to that which is necessary to fulfill the terms of the contract. Employees should be sensitive regarding what information they discuss with and around support contractors.
- If FOUO material is given to contractors, they will be made aware of the special protection requirements. At contract termination, FOUO material is to be destroyed or returned to the agency.
- FOUO and Privacy Act Data will be handled in a manner that precludes unauthorized disclosure. Such data will be disposed of in a manner that renders it unrecognizable or beyond reconstruction.

**Chapter I. Independent Review Of Performance Work
Statement And Solicitation**

Background

The PWS describes the technical, functional, and performance characteristics of the work to be performed, including the location, quality, and timeliness of work units. The PWS must be sufficiently comprehensive to ensure that in-house and contractor performance satisfies Government requirements and enables an "apples-to-apples" comparison of Government cost estimates and contractor proposals. The PWS must be performance based, that is it must focus on "what," not "how," a function is to be performed. The PWS should describe the output requirements of the operation, including the responsibilities and requirements for facilities, equipment, and material. It should also provide performance standards, the maximum allowable deviation from the standard, a method of surveillance, and a maximum payment percentage. The reviewer must critically analyze the PWS to assess its clarity and completeness for cost estimating purposes because it provides the baseline, scope, and standards for the Government and contractor cost estimates.

Objectives

The objective of the independent review of the PWS is to determine whether it adequately defines the workload and provides a reasonable basis for in-house and contractor cost estimates. Specific objectives are to verify that the PWS is:

- prepared in accordance with OMB Circular No. A-76 and related guidance, and
- documented with consistent, accurate, and clear data that fully supports workload requirements and provides a basis for the Government and contractor cost estimates.

Review Steps

The independent review of the PWS may be performed at any time following its approval by the study team and either immediately before or following approval by the contracting officer. The IRO should not review early drafts of the PWS. The reviewer must promptly provide details of inconsistencies, errors, omissions, or lack of supporting documentation to agency study officials for prompt corrective actions to avoid delaying the independent review and certification of cost estimates. If the reviewer identifies material inconsistencies, errors, or omissions that may cause significant delay in

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completing and certifying the independent review, the reviewer must immediately notify agency officials by memorandum and suspend the review until the officials take corrective action. All material discrepancies must be corrected before the IRO certifies the IHCE. The IRO must clarify any issues or assumptions. At a minimum, the reviewer will prepare a memorandum for record documenting the results of the review of the PWS as part of documentation to support the independent review. The IRO should provide any comments or recommendations resulting from the PWS review to the appropriate agency official and should answer the following questions regarding the PWS. The questions are designed so that a “no” response indicates an area of potential concern.

1. Does the PWS contain all required elements and is it ready for detailed review?
 - 1.1 Does the agency have a functional diagram³ or organization chart that identifies the functions and subfunctions that are part of the CA study? Does the diagram break down each work element into logical components?
 - 1.2 Did the agency use a prototype or template in the development of the PWS for the functions being studied? Document any significant deviation from the prototype and determine the cause for the deviation.
 - 1.3 Does section C of the PWS contain:
 - a. General Information?
 - b. Definitions?
 - c. Government furnished property and government furnished services?
 - d. Contractor Furnished Items and Services?
 - e. Specific Tasks?
 - f. Applicable Publications and Forms?
 - g. Technical Exhibits?
 - 1.4 Are the following types of technical exhibits present:
 - a. Performance requirements summary?
 - b. Historical workload and estimates of workload over period of performance?
 - c. Maps and work area layouts?

³ The functional diagram differs from an organizational chart in that it defines the functions of the organization. A template aids in the process, but it is not required.

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- d. Required reports?
 - e. Contractor-furnished items?
 - f. Government-furnished items?
 - g. Performance measures and standards?
- 1.5 If a government furnished property⁴ technical exhibit is present, does it contain information on:
- a. Government furnished facilities?
 - b. Government furnished equipment?
 - c. Government furnished material?
 - d. government furnished services, such as telecommunications, janitorial, grounds and facility maintenance, etc.
2. Does Section C, "General Information," provide a satisfactory overview of the PWS?
- 2.1 Is there summary information on the function to be performed and performance locations?
 - 2.2 Are the roles of a project or contract manager and any special requirements of personnel (e.g. quality control, safety, environmental, security requirements or specialized training) discussed? (Are full time requirements, on site requirements, and twenty-four hour per day and seven day per week requirements clear?)
 - 2.3 Are the following requirements addressed:
 - a. Quality control by the contractor?
 - b. Government quality assurance methods?
 - c. Hours of operation, including normal duty hours and a list of Federal holidays?
 - d. Requirements to support emergencies and contingencies (surge requirements) outside normal duty hours?
 - e. Safety, fire prevention, physical security, traffic control, energy conservation, environmental, and other appropriate requirements?

⁴ A PWS may not provide for government furnished property. However, the PWS should still contain a statement that the Government will not provide property, equipment, or services (in Section C-3).

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3. Is Section C, "Definitions," adequate?
 - 3.1 Are all special terms in the PWS (including technical exhibits) defined and readily understandable?
 - 3.2 Are all acronyms, abbreviations, and special terms clearly defined?
 - 3.3 Are terms used in Section C, Specific Tasks, clearly defined in section C?
4. Is Section C, "Government Furnished Property and Services," consistent with the contract solicitation provisions?
 - 4.1 Are all Government furnished materials or services mentioned elsewhere in the PWS (especially in Section C, Specific Tasks) included?
 - 4.2 Are maintenance and replacement responsibilities for any Government Furnished Equipment adequately described (existing stock, new purchases, etc.)?
 - 4.3 Are responsibilities for accountability (initial, periodic, and closing inventory) and stewardship adequately stated for government furnished material and government furnished equipment?
 - 4.4 Are possible alterations to be made for Government facilities and integrally related property adequately addressed?
 - 4.5 Are conditions and standards adequately stated for contractor return of Government property and facilities when no longer required?
 - 4.6 Are conditions and responsibilities adequately stated for leased property provided by the Government?
 - 4.7 Does the Government furnish all equipment and facilities or provide sound economic justification for not furnishing?
5. Does Section C, "Contractor Furnished Items and Services⁵," provide sufficient guidance?
 - 5.1 Are the categories of items that the contractor will supply (materials, tools, equipment, etc.) adequately described?
 - 5.2 Does any of the property duplicate government furnished property listed in section C? If so, why?

⁵ This section should list only those items essential to the function. Agencies should avoid excessive direction on items or services to be used because contractors may provide different and perhaps more efficient means of performing the function. A general statement that the contractor shall furnish items and services except those described in Section C-3 is normally sufficient.

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- 5.3 Are standards provided for all materials or supplies that must meet minimum Government standards?
- 5.4 Are any other required performance measures and standards adequately specified?
- 5.5 Are there provisions for the Government to reimburse the contractor for the replacement of any items that have a high carrying cost or uncertain usage patterns?
- 6. Does Section C, "Specific Tasks," clearly identify work requirements⁶?
 - 6.1 Do the tasks reasonably correlate to the scope of work?
 - 6.2 Are the functions and its major tasks and subtasks broken down⁷ sufficiently so that the scope of work is reasonably clear?
 - 6.3 Are specific performance tasks and the desired outcome for each job activity clearly described and correlated to expectations?
 - 6.4 Can tasks and materials be measured in terms of type, quantity, and time required? If "YES," are the tasks or materials sufficiently quantified?
 - 6.5 Does available data adequately support the estimates?
 - 6.6 Do workload estimates in the Technical Exhibit(s) support the tasks that are the major cost drivers?
 - 6.7 Are duty hours for completing specific tasks identified?
 - 6.8 Are the PWS and solicitation documents consistent on number of hours or other times for performing specific tasks?
 - 6.9 Are special duty hours (including night shifts, overtime, or weekends) specified for any tasks required during other than normal duty hours?
 - 6.10 Are Government sources (e.g., instructions, manuals, and technical orders) appropriately cited for specific tasks or their method of accomplishment?
 - a. If Government sources are referenced for a specific task, is the cited reference specific (e.g., chapter, page number, section or paragraph number)?

⁶ Corresponding performance indicators, standards, and acceptable quality levels are normally identified in a technical exhibit in the Performance Requirements Summary.

⁷ In preparing the PWS, functional experts conduct job analyses to break down tasks into subtasks. The reviewer should address any questions concerning the level of task breakout to the functional experts.

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- b. Are cited references to Government sources accurate and current?
 - c. Is information provided on where the directives may be found (e.g. Technical library)?
- 7. Does Section C, "Applicable Publications and Forms," reference all applicable directives or forms?
 - 7.1 Are the title and date of referenced directive identified?
 - 7.2 Are all directives listed in Section C in the PWS?
 - 7.3 Does Section C clearly specify whether the contractor or the Government will be responsible for obtaining future directive editions, supplements, amendments, or changes?
- 8. Is the Technical Exhibits⁸ section in agreement with the PWS?
 - 8.1 Are all technical exhibits correctly cross-referenced to the proper sections of the PWS?
 - 8.2 Are all technical exhibits stated in the PWS correctly cross-referenced and found in the technical exhibits section?
 - 8.4 Is the information in Section C consistent with information in the Performance Requirements Summary in Technical Exhibit 1?
 - 8.5 Does the Performance Requirements Summary provide performance measures and standards?
 - 8.6 Are requirements in the Technical Exhibit⁹ sufficiently stated so that costs can be reasonably estimated?
 - 8.7 Is there a workload estimate for each required service in the Technical Exhibit?
 - 8.8 If payment percentages are used, are they equal to or less than 100 percent, in the aggregate, for a given item?
 - 8.9 Are payment percentages used only for the more significant tasks in the activity?

⁸ Technical exhibits may include PRS, workload estimates, maps and work area layouts, required reports, descriptions of Government furnished items, quality standards, acceptance/rejections tables, sample size charts, or any other technical materials that support the PWS.


⁹ Technical Exhibits list the performance measures to be evaluated by the quality assurance evaluator.

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9. Have all conclusions, comments, or recommendations resulting from negative responses to review steps been provided to agency officials?
10. Do any conclusions, comments, or recommendations constitute a significant error or omission requiring nonoccurrence, correction, and subsequent review?
11. Have all amendments to the solicitation that pertain to the PWS been accounted for and reviewed?
12. Has the agency corrected all significant errors in the PWS prior to independent review certification?
13. Overall, does the IRO believe that the PWS provides an adequate basis to prepare both the Government and contractor offer?
14. Verify that the PWS reviewed is the same as that which appears in the contract solicitation.

Review Documentation

The IRO will document, in the working papers, the review of the PWS that identifies the scope, methodology, results, conclusions, and resolution of any discrepancies. In addition, the working paper narrative must be cross-referenced to any supporting working papers, appropriate steps in this guide, and an overall summary of the review of this cost comparison study.



Chapter II. Independent Review Of Most Efficient Organization, and Technical Performance Plan

Background

The MP is an analytical evaluation of an organization to determine how the job can be accomplished in the most economical manner. It identifies essential functions to be performed and establishes performance factors, organizational structure, staffing requirements, and operating procedures for MEO performance. The MP documents the development of the MEO and the MEO documents the basis for the IHCE.

OMB Circular A-76 requires the development of a MEO for all studies of functions performed by more than ten full-time-equivalent (FTE) employees. The MEO should represent the best possible organization to accomplish the workload required in the PWS, with as little resource consumption as possible, without degrading the required quality level of products or services. When developing the MEO, the organization must use the same performance standards and workload data that are in the PWS. If the MEO is comprised of Federal employees and contract support to accomplish PWS requirements, the Government IHCE must be based on the same mix. When developing MEO staffing requirements, the MP must document the techniques used (i.e., manpower standards, staffing guides, prior experience, and work measurement).

The head of the organization or designee should certify the MP and MEO before the independent review commences. The IRO will verify that MEO tasks are traceable to and based on the tasks in the PWS, and must promptly communicate any problems identified to agency officials for correction to avoid delaying the cost comparison. The IRO also must decide whether the problems are substantial enough to discontinue the independent review until the problems are corrected. All substantive problems that impact the outcome of a cost comparison must be corrected before the IRO signs the CCF certifying completion of the independent review.

Objective

The objective of the independent review of the MP and MEO is to verify that they were completed and documented in accordance with OMB and DoD guidance. A specific objective will be to determine that the MP and MEO are based on the same workload and performance period specified in the PWS and contract solicitation.

Review Steps

The IRO will answer the following questions regarding the MP:

1. Are MEO work requirements based on the requirements and performance periods specified in Section C (Specific Tasks) of the PWS and the workload estimates in the Technical Exhibits?
2. Are the staffing requirements in the MEO the basis for the personnel costs in the IHCE¹⁰?
3. Does adequate rationale exist for staffing reductions identified in the MP? Are reductions based on efficiencies documented in the plan?
4. If the current workforce is not performing all the work included in the PWS and MEO, are appropriate staffing changes identified in the MEO?
5. Have position descriptions been written, classified, and certified for each position in the MEO, including contract administration staffing requirements?
6. Are grade levels based on established standards or Civilian Personnel Office determinations for positions performing similar tasks?
7. Are assumptions regarding appropriate mix of pay grades, best mix of work schedules to accomplish the workload, utilization of full-time, part-time, and intermittent staffing, and use of overtime for unscheduled, seasonal, or peak workloads reasonable?
8. Does the MEO provide a detailed description, by functional area, of how the MEO will operate? This discussion should include assigning, performing, controlling, monitoring and scheduling the workload described in the PWS.
9. Does the MEO identify, by number of hours and position, any premium pay (Sunday, environmental, nightshift differential, holiday, overtime, etc.) required to implement the MEO?
10. Are sources of information clearly identified in the MP?
11. Does the MP clearly articulate: statement of purpose; discussion of current operations; recommendations and analysis of resources impact (i.e., personnel, time, dollars, supplies, equipment, energy and disposition of capital and minor assets in the event the function is converted)?
12. Was the MP reviewed and approved by the appropriate functional offices?

¹⁰The IHCE should include all direct in-house labor and supervision necessary to accomplish requirements in the PWS, including indefinite quantity work.

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13. Has the proper head of the organization or designee certified the MEO in the supporting documentation?
14. If military personnel performed part of the function being studied:
 - a. Does the MEO include a conversion to the civilian workforce?
 - b. How much military labor was used and is proposed in the MEO?
 - c. Does the MEO and the IHCE provide sufficient staffing and funding to effect civilian conversion of military positions if the function remains in-house?
13. Has the head of the organization or designee certified that the IHCE is based on the MEO?
14. Has the organization's major command or chain of command approved requirements for additional resources such as additional civilian personnel positions and capital expenditures identified by the MEO?
15. If part of the function is performed under an existing contract:
 - a. Does the MEO envision any changes in MEO performance?
 - b. Does the MEO include existing Contractors/ Do they agree to be on the MEO team?
 - c. Was the contract considered for in-house performance?
16. Was a TPP prepared and is it consistent with the PWS, Solicitation Package, MP, and the IHCE¹¹?

Review Documentation

The IRO must document the scope, methodology, results, conclusions, and resolution of any discrepancies in the MEO or other deliverables. The working papers will be cross-referenced to any supporting working papers, appropriate steps in this guide, and the overall summary for the independent review.

¹¹ A TPP for in-house performance is required when the negotiated best value procurement solicitation method is used. The TPP must be consistent with the Management Plan/MEO.

Chapter III. Independent Review of Transition Plan and Quality Assurance Surveillance Plan

Background

The OMB A-76 Supplemental Handbook requires the MP to include a copy of the Government's in-house Quality Assurance Surveillance Plan and how it will differ, including resources, if services are provided by ISSA or contract and why. The QASP defines how the Government will evaluate requirements, along with the frequency of the evaluations and the surveillance of the requirements. It provides an objective measurement of services provided. The Quality Assurance Evaluator will use the QASP to monitor performance of the service provider, whether contractor or Government MEO, after completion of the A-76 study. The Transition Plan (TP) is the transition from the current organization structure to either MEO performance or contractor or ISSA performance. The transitional approach should be designed to minimize disruption, adverse impacts, capitalization, and start-up requirements. The TP should be written to include ??? (see dmc p. 23)

Objective

The objective is to determine that the QASP has been properly approved and documented in the MP and will adequately measure, monitor, and evaluate performance of service providers.

Review Steps

The IRO must answer the following questions regarding the TP:

1. Does the MP include a TP¹² from the current organizational structure to the MEO or contract or ISSA performance?
2. Is the TP consistent with the MP?

¹²A TP may be part of the Management Plan or a separate document. The purpose of the TP is to minimize disruption, adverse impact, and any difficulties associated with capitalization and other start-up requirements.

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3. If the TP stipulates phasing in employees at different periods of time, do the manpower costs in the IHCE include the same phasing?
4. Is the transitional approach reasonable and well thought through?

The IRO must answer the following questions regarding the QASP:

1. Was the QASP reviewed and approved by the head of the organization or designee and the contracting officer?
2. Does the QASP include a sampling guide, decision tables, and checklists?
3. Does the QASP establish:
 - a. performance measures based on performance standards in the PWS?
 - b. methods of surveillance, including management information systems, random sampling, checklists, and formal and aggressive satisfaction surveys? What are aggressive customer complaint programs?
 - c. level of surveillance?
 - d. acceptable quality levels?
 - e. inspection procedures that identify what will be checked?
4. Does the QASP stipulate:
 - a. methods of inspection and sampling procedures?
 - b. needed Government resources?
 - c. type and period of reports required?
5. Are there provisions to provide periodic updates to the contracting officer and contract administrator?
6. Does the plan adequately define the roles of the key participants?
7. Does the MP contain a description of the Government's in-house QASP and how it will differ, including resources, if services are provided by ISSA or contract and why?

Review Documentation

The IRO will document, in a set of work papers, the review of the QASP that identifies the scope, methodology, results, conclusions, and resolution of any discrepancies. In addition, the working papers must be cross-referenced to any supporting working papers, appropriate steps in this guide, and an overall summary of the review of this cost comparison study.

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**Chapter IV. Independent Review Of In-house Cost Estimate
and Cost Comparison Form**

Background

To make a realistic comparison between in-house and contract methods of performance, certain fundamental conditions must exist, including:

- a comprehensive and precise PWS,
- a management study that determines the MEO,
- a CCF that identifies all significant Government costs, that occur between either in-house or contract performance, and
- adequate audit trails and other supporting documentation.

The CA solicitation will normally provide for a transition period of less than a year and a performance period of at least five years. The MEO will develop costs for the performance periods identified in the PWS. When the period of performance is less than a full year, all cost elements, except one-time costs, should be prorated over the number of months in the performance period.

The Government cost estimates presented on the CCF will include all appropriate cost elements and standard cost factors prescribed by the OMB A-76 Supplemental Handbook. Common costs (i.e. costs that would be the same for either in-house or contract operations) are not included in the government cost estimates, but must be identified by type of cost and documented by the study team. Examples of costs that may be common are: Government furnished equipment, material, supplies, and facilities. A satisfactory audit trail must exist to link cost estimates to supporting schedules, reports, authorization documents, and accounting records. The rationale and methodology used to estimate costs must be adequately recorded and maintained along with other supporting documentation in a cost estimate file.

Objective

The objective of the independent review of the IHCE is to verify that it is accurate, complete, and documented. CA cost comparisons must be prepared with win.Compare².¹³ WinCompare2 is a software program, developed by contractor to the Air Force, that documents costs in accordance with the

¹³ WinCompare² software, latest tables, and documentation can be downloaded from the Internet at <http://compare.mevatec.com>.

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guidance in the OMB A-76 Supplemental Handbook and the DoD A-76 Costing Manual. For cost estimates that were prepared using win.Compare² software, the reviewer will verify that current tables¹⁴ were used, and verify the accuracy of:

- Table 2--General Schedule Annual Salaries,
- Table 3-- Federal Wage System(FWS) Hourly Wages,
- Table 4--Non-appropriated Fund(NAF)/Local National Hourly Wages/Annual Salaries,
- Table 5—Military Composite Accelerated Rates
-
- Table 8--Inflation Cost Factors/Rates,
- Table 9-- Non-Appropriated Fund/Foreign Country Unique Factors/Rates,
-
-
-
- Table 16—Functional Areas.

Some of these tables can be automated/updated through the WinCompare² software. Other tables are updated by the entries made by the MEO costing team. The IRO should be thoroughly familiar with OMB A-76 Supplemental Handbook and the DoD A-76 Costing Manual before beginning an analysis of the Government cost estimates.

Review Steps

The independent review will answer the questions that relate to each line of the IHCE on the CCF.

Study Set-Up.

- 0.1 Is the current version of win.COMPARE² used to develop the IHCE?
- 0.2 Is the projected tentative cost comparison date reasonable? Note, this is the date used to determine the application of cost of capital so it is important

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that the IHCE documentation explain the reasonableness of the date selected to avoid the appearance that cost were unreasonably avoided.

- 0.3 Do the performance periods match the periods listed in Section B?
- 0.4 Is the first Contract Line Item Number in Section B designated as a phase-in or transition period? If so, does the IHCE designate the first performance period as a CLIN?
- 0.5 Does Study Table 8, Cost Factors, contain the current cost of capital and inflation factors?
- 0.6 Was the proper method of operation selected? Note:
 - “In-house” is selected when the Government is the incumbent for the entire work or the MEO plans to continue any current contract work within the PWS requirements.
 - “Contract” is selected when the incumbent is a contractor operation.
 - “Mix” is selected when the MEO decided to perform currently supported contract work with in-house resources.
 - “Expansion” is the modernization, replacement, upgrading or enlargement of an in-house capability that created a 30% increase in the operating cost of the activity or total capital investment, or an increase in 65 FTE or more. Under these conditions the in-house must win the right to perform this work through a cost comparison decision

Line 1, Personnel Costs. The personnel cost figure is used as the basis to compute the actual personnel costs for each period of performance. For line 1 salary tables must be current. WinCompare2 can automatically inflate these costs based on OMB inflation rates for pay. Some job series have special wage rates that apply only to those job series. The IRO should verify that the proper salaries are applied.

OMB A-76 Supplemental Handbook, part II, chapter 2, paragraph B, requires that total personnel costs include all direct and supervisory labor costs for accomplishing the workload requirements specified in the PWS. These costs include salaries, wages, fringe benefits, and other entitlements such as uniform allowances and overtime. The PWS identifies the required tasks and the management study identifies the organizational structure, work methods, and numbers and types of employees needed to accomplish the tasks required in the most efficient and economical manner. Manpower standards, staffing guides, prior experience, actual work measurement, and informed judgment may be used to determine staffing estimates. The staffing estimates should include any conversions of military personnel to civilian employees.

Productive work hours are converted to full-time equivalents (FTEs) by dividing the estimated total hours required by skill by 1,776 annual available hours to determine the number of positions required. For intermittent positions to be expressed in FTEs, divide the estimated total hours required by skill by 2,007

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annual available hours to determine the number of positions required. The available hours for intermittent positions exclude annual leave, sick leave, administrative leave, training, and other nonproductive hours. As a general rule, General Schedule salary is expressed as an annual rate of pay and Wage Grade salary is expressed as an hourly rate.¹⁵ For positions to be used on a prearranged, regularly scheduled tour of duty, the Wage Grade hourly rate is multiplied by 2,087 hours to obtain the yearly pay.

On the Personnel Cost Worksheet, basic pay plus fringe benefits, or FICA plus other pay for all positions for both General Schedule and Wage Grade positions yield the personnel cost figure. Wages and salaries for civilian personnel will be based on the position structure in the management study and MEO and will use current pay rates based on the Government-wide representative rate of step 5 for General Schedule and step 4 for Wage Grade employees.

The OMB A-76 Supplemental Handbook and applicable updates provide standard factors for fringe benefits. The following Government-wide factors must be applied to labor costs of employees under the Civil Service Retirement System:

- retirement and disability, 24.0 percent¹⁶,
- health and life insurance, 5.7 percent, plus an additional 1.45 percent for Medicare up to annual salary limitations on employees covered under the Federal Insurance Contributions Act, and
- other benefits (including Federal employee workmen's compensation, unemployment programs, bonuses and awards), 1.7 percent.

For civilian employees (normally intermittent employees) not under the Civil Service Retirement System, the social security (Federal Insurance Contributions Act [FICA]) cost factor applied to salary or wages is 7.65 percent (Employer Tax rate for Social Security is 6.2 percent plus 1.45 percent Medicare Tax). The FICA rate must be applied only to wages and salaries subject to the tax. The latest information on FICA tax rates and annual salary limitations should be obtained from the appropriate personnel office or from the latest Internal Revenue Service Publications (IRS Circular E, "Employer's Tax Guide" and IRS Publication 505, "Tax Withholdings and Estimated Tax").

Other Pay. Entitlements do not earn fringe benefits but are included as other pay. Some other pay examples include night differential pay for General Schedule employees, overtime, holiday, bonuses, and uniform allowances. Obtain information from cognizant personnel or payroll offices to ensure that all costs are considered and that rates are properly computed.

¹⁵ For guidance on Federal Pay Rates see OMB Transmittal Memorandum Number 19, "Performance of Commercial Activities" dated March 24, 1999.

¹⁶ The retirement factors for special class employees are 33.0 percent for air traffic controllers and 38.2 percent for law enforcement and fire protection limitations.

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Service Contract Act. The Department of Labor's Wage Determination Rate Schedule identifies all contractor positions covered by the Service Contract Act (41 U.S.C. 351). Positions covered by the Service Contract Act must be identified and included in the solicitation package¹⁷. Personnel costs for positions covered by the Service Contract Act are not inflated for the second and future performance periods because of an economic adjustment clause for these positions in the solicitation. The Economic Adjustment Clause provides for future (yet undetermined) wage adjustments to Service Contract Act employees. Positions not covered by the Service Contract Act are subject to forward pricing, including inflation, at the time of the original cost estimate or contractor proposal.

Davis-Bacon Act. Contract requirements (subject to the Service Contract Act) requiring construction, alteration, renovation, painting, and repair work performed in response to a service call or work order in excess of \$2,000 shall be subject to the Davis-Bacon Act (40 U.S.C. 276a). Maintenance work and other installation services (custodial, snow removal, etc.) shall be subject to the Service Contract Act. Under no circumstances shall a study attempt to evade the coverage of the Davis-Bacon Act by breaking tasks in excess of \$2,000 into smaller tasks to accomplish requirements in the contract for repair, construction, alteration, renovation, or painting.

- 1.1 Are all direct labor and supervision costs commensurate with the requirements of the PWS? Are labor costs included for quality assurance?
- 1.2 Do personnel costs include all salaries, wages, fringe benefits, and other entitlements, such as uniform allowances and overtime for the staffing levels and wage/grade classifications in the MEO?
- 1.3 Do any of the job series used in the study have special salary rates and were the special rates used for those positions?
- 1.4 Are wages for each required grade level based on step 5 for General Schedule employees and step 4 for Wage Grade employees?
- 1.5 Are night, environmental, and other premium pay included in applicable personnel cost computations?
- 1.6 Are fringe benefit rates current?
- 1.7 Is the FICA fringe benefit rate applied only to salaries within the current annual salary limitation for FICA tax?
- 1.8 Have all personnel costs been correctly prorated through the first period of performance?

¹⁷ The Department of Labor publishes a directory of occupations subject to the Act at <http://www.dol.gov/esa/public/regs/compliance/whd/web/index.htm>.

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- 1.9 For out-years, are only those personnel costs not subject to the Service Contract Act or the Davis-Bacon Act correctly inflated (i.e. Has the MEO selected the correct flag for economic price adjustment)?
- 1.10 Are inflation factors applied when the first performance period is less than a full year, and/or when the effective dates of pay raises fall on days other than the beginning or end of performance periods?
- 1.11 Are any additional fringe benefits (e.g., allowances for off-site pay, location allowances, incentive pay, hazardous duty pay, cost of living and night differentials) based on historical costs or authorized rates for these benefits in the local area? Are the appropriate rates applied to personnel costs of all eligible employees?
- 1.12 Verify accuracy of tables 2,3,4,5 and ensure that Step 5 was used for GS employees and Step 4 was used for wage grade employees.
- 1.13 Ensure that performance-based annual awards are not included in other pay since these are already included in the Federal Employee Fringe Benefit Factor (See OMB A-76 Revised Supplemental Handbook, Chapter 2, B.6.F (1) (c)).
- 1.14 Is the current GS Salary information, Table 2, used for each location?
- 1.15 Did each GS Salary Table use the correct effective date and salary amounts?
- 1.16 Is the current FWS Wage Scale, Table 3, used for each location?
- 1.17 Did each FWS Table use the correct effective date and hourly pay amounts?
- 1.18 Is the documentation to support the NAF and Foreign Country pay rates and effective dates, Table 4, available and reasonable?
- 1.19 Are the appropriate Military Composite rates, Table 5, used?
- 1.20 Are the correct Fringe and Medicare factors listed in Table 7?
- 1.21 Is documentation to support the NAF/Foreign Country Unique Factors/Rates, Table 9, available and reasonable?
- 1.22 Does Table 11, FTE Available Work Hours/Pay Conversion Hours list correct factors?
- 1.23 Has each position identified in the MEO staffing plan been included correctly in Line 1?
- 1.24 If other than normal factors were used for NAF/Foreign Country employees, are the reasons sufficiently explained and documented?

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- 1.25 For the positions marked “yes” to EPA, does the file include evidence that the solicitation has included the clause “Service Contract Act-Fair Labor Standards Price Adjustment” clause?
- 1.26 For the positions marked “yes” to EPA does the file include documentation that explains why the positions were handled in this manner?
- 1.27 If the first period is designated as a transition period, is the MEO staffing properly presented in this period in accordance with the staffing approach described in the TP?

Line 2, Material and Supply Costs. OMB A-76 Supplemental Handbook, part II, chapter 2, paragraph C, requires that these costs include raw materials, parts, subassemblies, components, and office supplies used by the Government to perform the function and will not be provided to the contractor. Material costs should include the material, transport, handling, and allowances for normal scrap, spoilage, overruns and defective work. The material and supplies may be obtained from commercial vendors or from other Government organizations. When materials are acquired from the central supply system or other Government activities, certain surcharges must be added to material prices to account for the indirect costs of acquisition, management, and storage.

The Federal Acquisition Regulation, Part 45.303-1, states that contractors ordinarily furnish all material required for the performance of Government contracts. However, the Government may furnish material to the contractor when it is determined to be in the best interest of the Government by reason of economy, standardization, the expediting of production or other appropriate circumstances. The costs of materials that will be used by the Government or furnished to the contractor, to perform the function are common costs that should be excluded from the cost comparison. The PWS must clearly identify who is responsible for providing materials, supplies, and equipment. The PWS should contain sufficient information to develop costs estimates for the Government, contractor, and ISSA performance. Government furnished material and government furnished equipment should be excluded from the cost comparison since the costs are common.

If the furnishing agency establishes and certifies that all costs of acquiring, managing, storing and transporting its material are included in its pricing structure, including overhead, no material mark-up is required. If this is not established and certified, escalation factors should be applied in accordance with the OMB A-76 Supplemental Handbook.

- 2.1 Is the material listed in supporting documentation for the cost estimate the same as that listed in the PWS?
- 2.2 Are government furnished material/government furnished equipment excluded from material and supply cost if provided to the contractor?
- 2.3 Is the material listed in supporting documentation the same as what was listed in the PWS?

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- 2.4 Is historical usage data derived from standard reports?
- 2.5 What is the basis used to estimate material quantities (e.g., historical data, statistical sample, or engineering estimates)? Are the estimates reasonable?
- 2.6 If supporting documentation includes material and services for several organizational units or functions, was the allocation to the function under study reasonable?
- 2.7
- 2.8 If **no** out-year inflation is included, does the PWS call for economic adjustments of material costs in out-years (i.e. is the economic price adjustment flag set properly for each item listed)?
- 2.9 Are allowances for scrap, spoilage, overruns, and defective work included in material costs reasonable?
- 2.10 If costs are based on budgeted data, is budgeted data realistic in relation to historical costs and projected workload? Can cost growth or changes in workload explain any differences?
- 2.11 If costs are based on historical data, are appropriate adjustments included for any changes in workload from the historical period to the period covered by the PWS?
- 2.12 Are material costs in agreement with historical measures of usage (receipts, issues, sales, purchases)? If not, are they reasonable?
- 2.13 Are inflation factors in table 8 correct and current?
- 2.14 Does the solicitation include any language that describes how materials are handled? Note: Potential approaches:
 - 1. No mention would then make materials the total responsibility of each bidder. In this case, materials cost are included in Line 2 and purchasing labor is included in Line 1.
 - 2. Plug number included in Section B with instructions that materials dollars are not included as part of the evaluated price. In this case, Line 2 only includes materials not covered by this CLIN and the appropriate labor to accomplish purchasing.
 - 3. Plug number included in Section B with instructions that materials dollars are included in the evaluation. In this case materials are included at the rate identified in each performance period but not inflated unless specific instructions are included in the solicitation to inflate these costs.

Line 3, Other Specifically Attributable Costs. OMB A-76 Supplemental Handbook, part II, chapter 2, paragraph D, states that these costs will include

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all costs, except personnel and material costs that are 100 percent attributable to the function/business unit under study. Common costs that would be the same, whether the function is performed in-house or by contractor/ISSA, should be excluded from the cost estimate. Cost elements attributable to line 3 are:

a) Depreciation. This is the allocation of the costs of tangible capital assets, less residual value, over their useful lives. Capital assets are those used in the operation that have an estimated useful life of more than 1 year. Examples of capital assets are buildings, machinery, equipment, and land improvements such as roads and parking lots. OMB guidance directs that capital assets ONLY include equipment items with acquisition costs of at least \$5,000 per item. Assets costing less than \$5,000 are classified as minor items and will not be depreciated, but will be added to other costs within this line. Costs to be allocated through depreciation include: acquisition costs plus any rehabilitation and modification or repairs that extend the useful life of the asset less any residual value, divided by the estimated useful life of the asset. The OMB A-76 Supplemental Handbook prescribes the straight-line basis for allocating depreciation costs. When the Government determines it to be beneficial to study a currently contracted function for more economical in-house performance, to expand a current in-house operation, or to establish a new requirement, the additional capital assets that would be required by the study but not provided to the contractor would be depreciated.

- Acquisition Cost.
- **Useful Life.** This is the estimated period of economic usefulness of an asset in a particular operation. Appendix C of the OMB A-76 Supplemental Handbook provides a representative useful life table for various classes of equipment (The IRS provides guidance on useful life in its Publication 946 Table B “How to Depreciate Property”). If the projected useful life from the year of purchase is less than the last year of the performance period, the useful life should be extended through the last period.
- **Residual Value.** This is the value at disposition (less costs of disposal) estimated at the time of acquisition. Normally, Government assets will be used through the end of their useful life; thus, residual value may be carried at zero. In the event that it is known at the time of acquisition that the capital asset will not be used for at least 75 percent of its scheduled useful life, residual value should be estimated. DoD Components shall assume for the purpose of all depreciation computations that residual value is equal to the disposal values listed in Appendix 3 of the OMB A-76 Supplemental Handbook.
- **Capital Improvements.** These are the costs of major overhauls and modifications that add value or prolong the life of a capital asset (equipment or facilities). The costs should be treated as capital expenditures and depreciated over the extended or remaining useful life, whichever is less, of the asset or improvement. For facilities, the acquisition cost plus capital improvements less residual value will be depreciated over the useful life of the facility. Facilities are generally categorized as permanent, semi-permanent or temporary. The useful life of facilities is presented in chapter 2, paragraph D2(f) of the OMB A-76 Supplemental Handbook.

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- 3.1 Do property books, inventories, or other accounting records identify all assets assigned to the function under study?
- 3.2 Does the inventory of depreciable assets only include capital assets that will **not** be provided to the contractor?
- 3.3 Do the PWS and the MP indicate or state that the types and numbers of assets to be used in the function will change from the types and numbers currently used?
- 3.4 Are estimated depreciation costs based on a reasonably complete inventory of depreciable assets?
- 3.5
- 3.6
- 3.7 ¹⁸
- 3.8
- 3.9 Do acquisition costs for depreciated assets reflect actual costs documented on property books¹⁹ or other accounting records?
- 3.10 Is any estimated residual value assigned to assets or asset groupings reasonable based on Appendix 5, OMB Circular A-76 Supplemental Handbook?
- 3.11 Are groupings of assets to facilitate depreciation calculations reasonable? Do assets within a group have comparable useful lives? If there are large variations, should the use of a weighted-average useful life for the group or establishing more homogeneous groupings be recommended?
- 3.12 Does the MP reasonably explain how the assets are used with the MEO approach?
- 3.13 Is reasonable documentation included that supports the asset characteristics such as:
 1. Purchase date
 2. MEO Share percentage, if less than 100 percent

¹⁸

¹⁹ The IRO should selectively review property books or other accounting records to verify that depreciation is based on recorded acquisition costs. Where acquisition costs are not recorded, evaluate the basis used (documented estimates, invoices, or published prices for similar items, etc.). If current replacement costs are used, determine whether any adjustment has been made for inflation since the actual or estimated date of acquisition.

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3. Federal Stock Code (FSC)?

4. Using other than Standard Factors, Table 13?

3.14 If the asset is marked “yes” for GFP, is the asset listed in the solicitation as GFP?

3.15 Is there reasonable documentation that explains why insurance is marked “yes” or “no”?

b) Cost of Capital. This cost is a charge on the Government’s investment in capital assets necessary to provide the product or service if the asset is:

- not provided for contractor/ISSA use,
- purchased less than 2 years prior to the cost comparison date, or
- scheduled for purchase within the performance period.

3.12 Is the cost of capital only applied to assets that will not be supplied to the contractor?

3.15 Does the total cost of each asset include the value of the asset plus transportation costs not already included in the purchase price plus any installation costs to place the asset in operation?

3.17 If capital assets require cost of capital has the basis of installation, transportation, or other costs included been reasonably determined?

c) Rent. This element of cost is incurred by the function under study for the use of non-Government assets, including equipment, buildings, and land. Only those rental costs not expected to continue in the event of contractor performance should be computed and included on the CCF.

3.17 Verify that rental costs are not included when facilities are provided as a common cost.

3.18 Are actual rental charges used for the computation of rental costs shown on the summary worksheet? If not, is rental cost based on a General Services Administration estimate?

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- 3.19 Verify that inflation factors in Table 8 are current and correct.
- 3.20 Does the MP reasonably explain how the rental costs support the MEO approach?
- 3.21 Is there documentation that reasonably explains the basis of the rental costs?

d) Maintenance and Repair. These costs are incurred to keep buildings and equipment in normal operating condition. This applies only to those assets required for in-house performance, but not furnished to the contractor/ISSA.

- 3.20 Have maintenance and repair costs for assets covered by rental fees been excluded?
- 3.21 Have capital expenditures for major improvements been scheduled?
- 3.22 If an asset includes maintenance costs is the quantity listed in the maintenance record for 1 asset?
- 3.23 Is there documentation that reasonably explains why the maintenance costs EPA is marked “yes” or “no”?
- 3.24 Is the maintenance cost effective date reasonable?

e) Utilities. This element of cost includes charges for fuel, electricity, water, and sewage services not provided to the contractor/ISSA but required for in-house performance. It also includes telecommunications services (administrative telephone service, video teleconferencing, and data communication service) not provided to the contractor. For DoD, telecommunications services are normally obtained on a fee-for-service arrangement from Defense Information Systems Agency. However, experience shows that certain agencies sometimes obtain services directly from vendors.

- 3.22 Is a metered or allocated basis used to determine utility costs?
- 3.23 Are telecommunications services provided as government furnished equipment?
- 3.24 If not provided as government furnished material, is the MEO cost fully documented and included in the cost comparison estimate?
- 3.25 Are all telecommunications services not provided by the Government to the contractor accounted for in the CA study?
- 3.26 Does the solicitation include any instructions on providing utilities, electricity, water, gas, as government furnished services? If not, is there documentation that reasonably explains the basis for the cost included for utilities?

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f) Insurance. Risks associated with potential costs from property losses and liability claims are covered by insurance included in any commercial cost estimate. In-house casualty premiums and personnel liability losses must be computed in accordance with the OMB A-76 Supplemental Handbook, part II, Chapter 2, paragraph D7(c). All insurance computations are done automatically by WinCompare2.

3.26

3.27

g) Travel. This includes the expected costs of in-house travel that would occur with Government performance but would not occur in contractor or ISSA performance. For example, travel may include training, conferences, site visits etc.

3.28 Are costs identified in this category based on budgeted amounts or historical travel costs? Are these costs reasonable?

3.29 Verify that inflation factors in Table 8 are current and correct.

3.30 Does the MP reasonably explain why the travel costs are required to support the MEO approach?

3.31 Is there documentation that reasonably explains the basis of the travel costs?

h) MEO Subcontracts. This includes work currently performed by contract that is included in the solicitation, and will be part of the MEO if the MEO wins. WinCompare2 automatically adjusts for Federal income tax revenue as required by Appendix 4 of the Supplemental Handbook.

3.29 Are labor-related costs for the Government's administration and inspection of the continued support contracts included in line 1?

3.30 Are the cost of support contracts, including Government material, equipment, services and facilities **not** furnished to the contractor/ISSA, included in line 3?

3.31

3.32 Does the MP reasonably explain why the MEO subcontract costs are required to support the MEO approach?

3.33 Is there documentation that reasonably explains the basis of the MEO subcontract costs?

3.34 Is there documentation that reasonably explains how the contract manpower equivalents (ME) were determined?

3.35 Is the selected industry code reasonable?

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3.36 Does the MP include an explanation if a MEO subcontract effort is not included through the final performance period?i)
Other Costs. This is a general category for specifically attributable costs that do not properly fit into one of the other cost elements, but would change in the event of contract/ISSA performance. The OMB A-76 Supplemental Handbook, part II, chapter 2, paragraph D10[a], gives examples of other costs as transportation costs, royalties, and purchased service packaging and crating, if not already included as part of the material and supplies cost on line 2.

3.32 Are any other costs justified and reasonable?

3.33 Are these costs not already included under Line 4, Overhead Costs?

3.34 Are minor items (not immediately consumed and not provided to the contractor/ISSA) included? Is 10 percent of the total estimated replacement cost allocated to each performance period?

3.35 Does the MP include an explanation as to the basis of the “Other Costs” included?

Line 4, Overhead Costs. OMB A-76 Supplemental Handbook, part II, chapter 2, paragraph E, states that this cost element will include two major categories of costs; operations overhead and general and administrative overhead. Operations overhead is defined as those costs that are not 100 percent attributable to the activity under study, but are generally associated with the recurring management or support of the activity. General and administrative overhead includes salaries, equipment, space and other activities related to headquarters management, accounting, personnel, legal support, data processing management and similar common services performed outside the organization, but in support of the organization. These costs are affected by the conversion of work to or from in-house, contract or ISSA. WinCompare2 automatically calculates overhead costs.

4.1

4.2 Does the MP include any explanation as to the types of services provided within the overhead calculation? If so, is it void of including any “direct labor” in the explanation?

Line 5, Additional Costs. OMB A-76 Supplemental Handbook, part II, chapter 2, paragraph F states this category will be only used in special and infrequent circumstances when a cost cannot be classified appropriately by the cost elements on lines 1 through 4 of the CCF. Only costs related to the function under study, which would not continue in the event of contractor performance, should be included on this line. Any additional costs that would be incurred by either in-house or contract performance should not be computed. Amounts entered on this line must be supported by an explanation of the costs included, justification for inclusion in the cost study, and methods of computation used to determine these costs. Examples include office and plant rearrangements, transport, employee recruitment, training, and relocation expenses.

5.1 Are additional costs consistent with the PWS and MP?

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- 5.2 Are the additional costs justified and the methodology and computations adequately documented?
- 5.4 Are all computations mathematically correct? Ensure that the amounts computed for additional costs were correctly entered on CCF:
- Line 5, for each period of performance for proposals of in-house versus contract performance, **or**
 - Line 7, for expansion, new requirement, or conversion from contract to in-house performance proposals.
- 5.5 Are all new investments by the Government in facilities and equipment included in the capitalized cost of in-house performance and not as one-time costs?
- 5.6 Does the MP include an explanation as to the basis of any costs included as “Additional Costs”?

Line 6, Total In-house Costs.

- 6.1 Are the totals correctly added?

Line 7, Contract/ISSA Price. This cost element will be provided at bid opening and should be blank at the time of the IRO.

- 7.1 Note: Reviewed at the time of the cost comparison. Is documentation available that explains the appropriateness of the industry code applied?

7.2 If an award fee or incentive fee is used with a fixed price or cost reimbursement contract, is not more than 65 percent of the fee included in the contract price?**Line 8, Contract Administration Costs.** OMB A-76 Supplemental Handbook, part II, chapter 3, paragraph C states that these costs are incurred in administering a contract and include the costs of reviewing compliance with terms of the contract, processing payments, negotiating change orders, and monitoring close-out of contract operations. This element of cost does not include inspection and other administrative requirements that would be common to contract and Government performance to ensure acceptable performance. Contract administration costs are limited to the personnel shown at Table 3-1 on page 26 of OMB A-76 Supplemental Handbook. Table 3-1 represents the estimated additional cost to administer a contract or ISSA over and above the cost to administer the same work performed by in-house employees.

- 8.1 Does the in-house staffing estimate used as the basis for determining contract administration requirements in Table 3-1 of the OMB A-76 Supplemental Handbook agree with the number of FTEs used to obtain personnel costs on line 1?

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- 8.2 Are job series and grades of contract administration personnel reasonable and consistent with technical requirements of the quality assurance program in the PWS?
- 8.3 Has a waiver approving use of additional personnel requirements been obtained if contract administration staff years are higher than those shown in Table 3-1 of OMB A-76 Supplemental Handbook? If so, is it valid, reasonable, and based upon sound technical criteria?
- 8.4 If contract administration staff years are lower or equal to those shown in Table 3-1, no waiver is required. Has the organization developed staffing requirements based on a workload measurement using the quality assurance plan in the PWS? Is this analysis reasonable? (QASP should be the same for both MEO and contractor.)
- 8.8 Have costs of inspection and other administrative requirements that would be common to in-house, contract, or ISSA performance been excluded from Line 8?
- 8.9 Has the contract administration organization and grade structure been certified by the servicing personnel office as in compliance with applicable personnel regulations?
- 8.10 Does the MP document a reasonable basis of the grades and staffing applied to contract administrations?

Line 9, Additional Costs (Contract or ISSA Performance). OMB A-76 Supplemental Handbook, part II, chapter 3, paragraph D, states that this cost element includes any additional costs to the Government, such as transportation or purchased services, resulting from unusual or special circumstances that may be encountered in particular cost comparisons. The supporting documentation for the additional costs should describe the nature of the cost and why the cost will not be incurred when the function is performed in-house. The costs entered on line 9 should be supported by a definition of the type of cost reported, justification for inclusion, methods of computation, and, if applicable, a detailed listing of the cost components. The standby costs of equipment and facilities being kept solely to maintain performance capability in case of contractor/ISSA failure are not charged to the contractor/ISSA cost. The following are steps for determining and evaluating additional costs for contract or ISSA performance.

- 9.1 Do PWS and Management Study provide a basis for any additional costs?
- 9.2 If additional costs are appropriate, are the cost methodology and computations adequately documented?
- 9.3 Are inflation rates in Table 8 current and correct?
- 9.4 Does the MP document the basis of any costs included as “Additional Costs”?

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Line 10, One-Time Conversion Costs. OMB A-76 Supplemental Handbook, part II, chapter 3, paragraph E, states that this line will include all one-time costs resulting from conversion to or from in-house, contractor, or ISSA performance. There are three types of one-time conversion costs: material related, labor related, and other costs. Supporting documentation should clearly state the type of cost anticipated, justification for inclusion or exclusion and methods of computation.

a) Material Related Costs. A conversion may result in certain items of Government material or equipment, that would otherwise have been used by the in-house MEO, becoming excess and available for transfer to another in-house activity or to the contractor. It should be possible to transfer the material to the contract or ISSA offeror. In this case, it may be appropriate to conduct a special joint physical inventory and include the Government's cost of conducting the joint inventory (costs may be shared with the winning bidder) on line 10. If the transfer of existing materials to the contract or ISSA offeror is feasible, and the agency elects not to provide the material, no charge for conducting the inventory is permitted.

b) Labor Related Costs. A conversion will also normally result in certain one-time labor-related expenses. These may include health benefit costs, severance pay, homeowner assistance, relocation and retraining expenses and initial contractor security clearance requirements. Estimated severance pay is calculated at 4 percent of the annual basic pay (uninflated) for first performance period only without fringe benefits. If there is a requirement for the commercial source to have access to classified information or other security clearances under existing agency directives, only those costs that would be necessitated by the conversion may be calculated. Recurring requirements necessitated by in-house attrition or by employees that may be hired under the Right-of-First-Refusal will not be included.

c) Other Costs. A conversion to contract or ISSA performance may require an agency to take certain actions that would not be necessary if the activity were continued in-house. Agencies have an obligation to mitigate these costs and justify why such costs are necessary. For example, it may not be possible to terminate a rent or lease agreement without a penalty fee, or it may be necessary to move materials that are not associated with the organization under study to another location in order to facilitate conversion for the contractor's or ISSA's use of a facility. Such termination, penalty or facilitation costs are also costs caused by the conversion.

One-time Conversion Cost review steps include:

- 10.1 Review the one-time cost provisions of the OMB A-76 Supplemental Handbook, Chapter 3, paragraph E. Obtain command or DoD guidance and documentation for determining one-time costs.
- 10.2 Review the solicitation and determine if any material is to be provided to the contractor. Are costs to transfer the material included in one-time conversion costs?

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- 10.3 Determine whether all expendable materials that have become excess or available for transfer in-house or to the contractor are included in the cost estimate. If any materials and supplies will be diverted to other Government uses or transferred to the contractor, are the one-time costs to pack, ship, or otherwise make the items available identified and included on Line 10? For items to be disposed of by sale, has a reasonable estimate been made of the gain or loss on the sale? Verify the acquisition cost of the items to billings, catalogs or standard prices. If GSA or the Defense Property Disposal Service will dispose of the items, have these agencies provided estimates of sale prices? Has appropriate consideration been given to any packing, shipping, or other cost, which may be incurred to dispose of the items? The gain or loss to be included on line 10 should represent the difference between the estimated sales price and the acquisition cost less any expenses incurred in connection with the sale.
- 10.4 Are labor-related costs included in the cost estimate to account for severance pay²¹, homeowner assistance, relocation and retraining expenses and initial contractor security clearance requirements?
- 10.5 Are other costs such as transportation costs and penalty costs for terminating a lease or rental agreement reasonable?
- 10.6 Are all one-time conversion costs authorized as valid costs under current guidance?
- 10.7 Are one-time costs for the out-years **not** inflated?
- 10.8 Confirm that accumulated annual leave (or terminal leave) is not included as a one-time conversion cost.
- 10.9 For reduction in force costs, can the organization reasonably expect to pay any related expenses?
- .
- 10.12 Do other costs include any costs resulting from actions taken as a result of conversion²²?

²¹ Severance pay is calculated at 4 percent of the annual basic pay for performance period one without fringe benefits and without inflation.

²² An example is a penalty incurred for termination of a rent or lease agreement. Additionally, this may include plant rearrangements and special physical inventories. Special physical inventories should reflect hours required based on historical cost or staffing standards. Confirm that any special physical inventory is not double costed as part of the inventory transferred. Movement of materials to another location to facilitate conversion is also included in this category.

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- 10.13 Does the MP document the basis for personnel costs included on Line 10? Are the costs allowable within the policy guidance in the Costing Manual?
- 10.14 Does the MP document the basis for material costs included on Line 10? Are the costs allowable within the policy guidance in the Costing Manual?
- 10.15 If other costs are entered, are they allowed within the Costing Manual?
- 10.16 Has the source of the number of foreign national civilians in the current organization entered been validated?

Line 11, Gain on Disposal/Transfer of Assets. OMB A-76 Supplemental Handbook, part II, chapter 3, paragraph F, states that this line refers to assets no longer needed by the Government as it implements its MEO. These assets may be disposed of or transferred without consideration in a cost comparison. The cost comparison is concerned with comparing the Government's MEO with that of the best commercial or ISSA offer provided. Therefore, only those assets that are to be used by the Government's MEO and not made available to the contractor or ISSA are considered on line 11. The Government should not dispose of or transfer MEO assets unless there is an economic advantage to the Government to do so. If the cost of transfer exceeds the net book value of the asset, such that there is a net loss, no such losses are assessed against the contractor or ISSA. Management has made a decision not to make such assets available to the contractor or ISSA irrespective of the economic costs related to such a decision. The net gain generated to the Government as a result of a conversion to a contract or ISSA and a decision not to provide certain MEO assets to the contractor or ISSA should equate to the net book value of the asset less any costs incurred to remove the asset. Use the following steps to determine and evaluate calculations for disposing of assets.

- 11.1 Has the command determined whether there is an economic advantage to transfer or dispose of MEO assets?
- 11.2 Is the net book value of the assets computed using original acquisition costs²³ based upon installation property books or other reliable sources?
- 11.3 Assure no losses are assessed against the contractor/ISSA if the cost of transfer exceeds the net book value of the asset.
- 11.4 Are the removal estimates for transportation, packing, crating, and handling reasonable²⁴?

²³ Acquisition costs include charges to install and place the assets into service. The net gain equates to the net book value of the asset less any costs incurred to remove the asset.

²⁴ These estimates should be based on historical records or other reliable sources.

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11.5 Has the gain on disposal of assets been recorded during the first performance period?

Line 12, Federal Income Tax. The OMB A-76 Supplemental Handbook, part II, chapter 3, paragraph G, states that contract performance provides a contractor with income subject to tax and is an appropriate deduction from the net cost to Government, unless the prospective contractor is a tax-exempt organization.

12.1 Is the appropriate business code identified from the OMB A-76 Supplemental Handbook, Appendix 4?

Line 13, Total Contract/ ISSA. OMB A-76 Supplemental Handbook, part II, chapter 3, paragraph H, states that this information is the total of pricing data provided at bid opening plus adjustments. WinCompare2 computes Line 13 automatically.

Line 14, Conversion Differential. OMB A-76 Supplemental Handbook, part II, chapter 4, paragraph A, states that this line includes a minimum cost differential of the lesser of 10 percent of personnel costs (line 1) or \$10 million over the performance period has been established that must be met before converting to or from in-house, contract or ISSA performance. The minimum differential is established to ensure that the Government will not convert for marginal estimated savings. Whenever a cost comparison involves a mix of existing in-house, contract, new or expanded requirements, or assumes full or partial conversions to in-house performance, each portion is addressed individually and the total minimum differential is calculated accordingly. WinCompare2 does all Line 14 computations automatically.

Line 15, Adjusted Total Cost of In-House Performance. The purpose of Line 15 is to provide the adjusted (if applicable) total cost of in-house performance. The composition of this line varies according to the type of cost comparison being conducted. The value for Line 15 depends on whether the activity is being converted from contract or ISSA performance to in-house performance or vice versa. When adjusting from in-house to contract performance no adjustment is necessary, however, when converting from contract to in-house performance the cost must be adjusted by the conversion differential in Line 14. Conversion from contract of ISSA performance to in-house performance is uncommon. Line 14, Conversion Differential. WinCompare2 will automatically determine the type of cost comparison being conducted based on the method of operation code entered and adjust the costs for this line accordingly.

Line 16, Adjusted Total Cost of Contract or ISSA Performance. The nature of Line 16 is almost identical to that of Line 15 except Line 16 adjusts the total cost of contract of ISSA performance. The composition will vary according to the type of cost comparison being conducted as it did in Line 15. However, in this line adjustments are made to the total cost of contract or ISSA performance if converting from in-house to contract performance. WinCompare2 will automatically determine the type of cost comparison being conducted based on

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the method of operation code entered and adjust the costs for this line accordingly.

Line 17, Decision. Line 17 performs the computations to determine the apparent winner of the comparison. The decision is determined by subtracting Line 15 from Line 16. If the result is positive, then the in-house operation is the apparent winner, and if the result is negative, then the service provider is the winner.

Line 18, Cost Comparison Decision. The only purpose Line 18 serves is to provide an additional check to indicate the apparent winner of the cost comparison. This is a simple check block to indicate In-house or service provider performance based on the results of the Line 17 computations. There are no additional calculations performed in this line.

Review Documentation

The IRO will document, in the workpapers, the review of the Cost Comparison that identifies the scope, methodology, results, conclusions, and resolution of any discrepancies. In addition, the working papers must be cross-referenced to any supporting working papers, appropriate steps in this guide, and an overall summary of the review of this cost comparison study.

Final Certification Steps:

1. Determine that all changes recommended by the IRO have been made to the IHCE or are otherwise adequately resolved.
2. Verify that the PWS reviewed is the same as that which appears in the contract solicitation.
3. Sign the Cost Comparison Form.
4. Prepare and send a certification letter with the signed Cost Comparison Form as an enclosure.
5. Have MEO seal proposal following signature.

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Appendix A. Acronyms And Glossary

CA	Commercial Activity – the process resulting in a product or service that is or could be obtained from a private sector source.
CCF	Cost Comparison Form - the form prescribed by OMB Circular A-76 for making adjustments to In-house cost estimates and comparisons of those costs with contractor offers.
FICA	Federal Insurance Contributions Act - the tax deducted from employee pay for Social Security.
FOUO	For Official Use Only. a protective marking designed to be applied to information considered to be exempt from disclosure under the Freedom of Information Act. Detailed guidance for marking and controlling "For Official Use Only" data is in DoD 5400.7-R, "DoD Freedom of Information Act Program."
FTE	Full Time Equivalent – A manpower measure used by the DoD to represent a years worth of employee effort, excluding holidays and leave.
IHCE	In-house Cost Estimate – The Government's cost estimate for the MEO performance of the requirements in the PWS.
IRO	Independent Review Official – Individual from impartial activity organizationally independent of the commercial activity being studied that is qualified to conduct this type of review.
ISSA	Interservice Support Agreement – Agreement when the provider is another agency of the Government. The commercial activity is provided on a reimbursable basis.
MP	Management Plan - A plan that identifies the organizational structure, staffing, and operating procedures required to perform the requirements of the Performance Work Statement. The Management Plan includes the following documents: Most Efficient Organization, In-house Cost Estimate, Technical Performance Plan, and Transition Plan.
MEO	Most Efficient Organization - refers to the Government's in-house organization to perform a commercial activity. It may include a mix of Federal employees and contract support. The Most Efficient Organization is the product of the Management Plan and is based upon the Performance Work Statement.
OMB	Office of Management and Budget
PRS	Performance Requirements Summary - a synopsis of the scope of work and output performance measurements.

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PWS	Performance Work Statement – Describes the work to be performed, in performance-based terms, focusing on results or outputs. The PWS is the basis for the resulting solicitation and the Government’s proposal for performing the required work.
QAE	Quality Assurance Evaluator - an individual responsible for evaluating the work performed under a PWS.
QASP	Quality Assurance Surveillance Plan - describes procedures the Government will use to ensure that the actual performance of a successful contractor’s proposal meets the requirements of the PWS.
TP	Transition Plan - details the Government's plan to implement the Most Efficient Organization.
TPP	Technical Performance Plan - [definition goes here].

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Appendix B. References

The following references are available for review and download at the *Share A-76!* website²⁵ unless otherwise noted.

Statutes

- 10 U.S.C. Section 2461, "Commercial or industrial type functions; required studies and reports before conversion to contractor performance.
- 10 U.S.C. Section 2462, "Contraction for certain supplies and services required when cost is lower."

Office of Management and Budget (OMB)

- OMB Circular No. A-76, "Performance of Commercial Activities," August 4, 1983 and OMB Circular No. A-76. Updates are added periodically. It is the responsibility of the reviewer to ensure new updates are reviewed.
- OMB Circular No. A-76, "Revised OMB Supplemental Handbook - Performance of Commercial Activities," March 1996.
- OMB Circular No. A-76, "Transmittal Memoranda." Transmittals are distributed periodically. It is the responsibility of the reviewer to ensure new updates are reviewed.
- OMB "Circular A-76 Updates" are issued periodically
- Office of Federal Procurement Policy, Policy Letter 92-1, "Inherently Government Functions," September 23, 1992.
-

Federal Accounting Standards Advisory Board

- Management Cost Accounting Concepts and Standards for the Federal Government, Statement of Federal Financial Accounting Standards Number 4, July 31, 1995.
(<http://www.financenet.gov/financenet/fed/fasab/pdf/sffas-4.pdf>)

Statutes

- "A Guide to Best Practices for Performance-Based Service Contracting," October, 1998.
(<http://www-far.npr.gov/BestP/PPBSC/BestPPBSC.html>)

²⁵ Address <http://emissary.acq.osd.mil/inst/share.nsf>

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- Federal Acquisition Regulation - FAR Part 7, “Acquisition Planning,” February 9, 1998.
(<http://www.arnet.gov/far/97-02/html/07.html>)
- Chapter 146, Title 10, Section 2461(a), “Contracting For Performance of Civilian Commercial or Industrial Type Functions,” January 5, 1999.
(<http://uscode.house.gov/download.10c146.doc>)
- 5 Code of Federal Regulations 550, Pay Administration

General Services Administration

- GSA White Paper, “Outsourcing Information Technology,” February 1998.
(<http://www.itpolicy.gsa.gov/mkm/gsaep/finalout.htm>)

Internal Revenue Service

- Circular E, “Employer’s Tax Guide”
(<http://www.irs.ustreas.gov/>)
- Publication 505, “Tax Withholdings and Estimated Tax”
(<http://www.irs.ustreas.gov/>)
- Publication 946, “How to Depreciate Property”).
(<http://www.irs.ustreas.gov/>)

Department of Defense (DoD)

- DoD Instruction 4100.33, “Commercial Activities Program Procedures,” October 1, 1996.
- DoD Directive 4100.15, “Commercial Activities Program,” March 10, 1989.
- DoD Instruction 4000.19, “Interservice and Intergovernmental Support,” August 1995.
(<http://www.afbca.hq.af.mil/handbook/basis/guidance/dd/dd400019.htm>)
- DoD Commercial Activities Program, “Highlights of Policy and Procedure,” 1998.
(<http://www.acq.osd.mil/inst/ca-handb.pdf>)
- Inherently Governmental and Commercial Activities Inventory Procedures “Work in Progress,” March, 1998.
(<http://www.a76.com/refs/IGACAIP.html>)
- “Streamlining Through Competition,” Chapter 3 of the Defense Reform Initiative Report.
(<http://www.defenselink.mil/pubs/dodreform/chapter3.html>)

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- AR 5-20, "Commercial Activities Program," October 1997.
- DA PAM 5-20, "Commercial Activities Study Guide," July 31, 1998.

Navy

- Secretary of the Navy Instruction 4860.44F, "Commercial Activities," September 29, 1989
- OPNAV Instruction 4860.7C, "Navy Commercial Activities Program," June 7, 1999.
- Marine Corps Order 4860.3D, "Commercial Activities Program," January 1992.
- "Guide for Reviewing Cost Estimates Prepared Under the Commercial Activity Program," Naval Audit Service, July 14, 1999.
- "Post MEO Review Guide (Draft)," February 2, 2000.

Air Force

- AF Instruction 38-203, "Commercial Activities Program," April 26, 1994.
- AF Instruction 65-504, "Independent Review of Commercial Activity Cost Comparisons," February 25, 1994.
- "Independent Review Guide for OMB Circular A-76 Commercial Activity Cost Comparisons (Draft)," April 29, 1997.

Defense Logistics Agency (DLA)

- "DLSC A-76 Competition Guidebook," October 10, 2000.